STATE OF IOWA

DEPARTMENT OF COMMERCE

UTILITIES BOARD

IN RE: U S WEST COMMUNICATIONS, INC., n/k/a QWEST CORPORATION	DOCKET NOS. INU-00-2 SPU-00-11

CONDITIONAL STATEMENT REGARDING MAY 15, 2001, REPORT

(Issued October 12, 2001)

On February 10, 2000, the Utilities Board (Board) issued an order initiating an investigation relating to the possible future entry of U S WEST Communications, Inc., n/k/a Qwest Corporation (Qwest), into the interLATA market. The investigation was identified as Docket No. INU-00-2.

In a filing dated May 4, 2000, Qwest encouraged the Board to consider a multi-state process for purposes of its review of track A (competition issues)[1], various aspects of each item on the 14-point competitive checklist, § 272 (separate subsidiary) issues, and public interest considerations. The Board considered the concept of a multi-state process for purposes of its review of a Qwest § 271 application, sought comment, and subsequently issued an order dated August 10, 2000, indicating that its initial review of Qwest's compliance with the requirements of 47 U.S.C. § 271 would be through participation in the multi-state workshop process

[1] See 47 U.S.C. § 271(c)(1)(A).

with the Idaho Public Utilities Commission, North Dakota Public Service Commission, Montana Public Service Commission, Wyoming Public Service Commission, and the Utah Public Service Commission. Since the time of that order, the New Mexico Public Regulation Commission has also joined in the workshop process.

A report was filed with the Board on May 15, 2001, addressing issues associated with the following checklist items:

- Item 1: Interconnection
- Item 1: Collocation
- Item 11: Local Number Portability
- Item 13: Reciprocal Compensation
- Item 14: Resale

The report identified over 200 issues that were discussed during the workshop process, including 43 issues that remained at impasse and four issues that were deferred to later reports or have been resolved elsewhere in the workshop process.

Qwest filed written testimony addressing these checklist items on July 31, 2000. On September 5, 2000, the following participants filed testimony: MCI WorldCom, Inc. (WCOM), McLeodUSA Telecommunications Services, Inc. (McLeodUSA), AT&T Communications of the Mountain States, Inc., AT&T Communications of the Midwest, Inc., and TCG Affiliates (Collectively AT&T), Electric Lightwave, Inc. (ELI), NEXTLINK Utah, Inc. (NEXTLINK), Jato Communications, Inc. (Jato), Wyoming Consumer Advocate Staff (WCAS), Sprint Communications Company L.P. (Sprint), Net Wright LLC (NET WRIGHT), OPCOM, Inc., Visionary

Communications, Wyoming.com, and Contact Communications.[2] WorldCom, Inc., and McLeodUSA, filed responsive testimony. Qwest filed rebuttal testimony on September 18, 2000. NET WRIGHT also filed additional testimony on September 18, 2000. Pre-report briefs were filed on April 10, 2001.

The report filed May 15, 2001, separately discussed those issues initially identified by participants but apparently resolved during the process, and those issues that remained subject to disagreement (or where it was not clear that agreement had been reached). For those issues that remained subject to disagreement, the report summarized the participants' positions and provided recommended resolutions.[3]

On May 25, 2001, AT&T and Qwest filed comments on the report recommendations. AT&T clarified one set of its May 25, 2001, comments by filing a corrected version on May 29, 2001.

For those issues where agreement has been reached, the Board is prepared to indicate at this time its conclusion that Qwest has conditionally satisfied the checklist requirements in the areas identified by the May 15, 2001, report. To the extent that some of these issues are to be further evaluated in the Regional Oversight Committee's (ROC) Operations Support Systems (OSS) test, or some other proceeding, the Board will incorporate that evidence into its final recommendation to

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[2] Not all of the participants filing testimony are participants in Iowa Utilities Board Docket No. INU-00-2. As part of a multi-state process, any filings made by a participant in any of the state commission dockets considering Qwest's § 271 application were reviewed by the Board.

[3] This report was prepared by the "Outside Consultant," The Liberty Consulting Group (Liberty), which has been retained by the state commissions collectively.

the FCC as to whether Qwest has fully complied with a checklist requirement. To the extent that an issue requires performance of some duty or activity on Qwest's part, Qwest will need to demonstrate that it adequately performs as expected in order for the Board to make a positive recommendation to the Federal Communications Commission (FCC) following an application filed by Qwest.

After reviewing the May 15, 2001, report, the testimony, pre-report briefs, and post-report comments filed by those interested participants, the Board finds that no further proceedings are necessary to reach a conditional determination on those issues that remain subject to disagreement in this group of checklist items.

In discussing the Board's conditional recommendations on the remaining impasse issues, the numbering system utilized in the May 15, 2001, report will be followed.

IMPASSE ISSUES

Checklist Item 1: Interconnection

1. Indemnification For Failure to Meet Performance Standards (Report pp. 33-35) (Qwest Brief pp. 11-12) (AT&T ICR Brief p. 5)

   The Board will adopt the recommendation from the May 15, 2001, report.

2. Entrance Facilities as Interconnection Points (Report pp. 35-36) (Qwest Brief pp. 17-20) (AT&T ICR Brief pp. 7-11) (AT&T ICR comments pp. 5-7)

   The Board will adopt the recommendation from the May 15, 2001, report.

3. EICT Charges for Interconnection Through Collocation (Report pp. 36-37) (Qwest Brief p. 17) (AT&T ICR Brief pp. 12-13)
   The Board will adopt the recommendation from the May 15, 2001, report.

4. Mid-Span Meet POIs (Report pp. 37-39) (Qwest Brief p. 20) (AT&T ICR Brief pp. 13-15)

The Board will adopt the recommendation from the May 15, 2001, report.

5. Routing of Qwest One-Way Trunks (Report pp. 39-40) (Qwest Brief pp. 4-6) (AT&T ICR Brief pp. 18-19)

The Board will adopt the recommendation from the May 15, 2001, report.

6. Direct Trunked Transport in Excess of 50 Miles in Length (Report pp. 40-41) (Qwest Brief pp. 6-9) (AT&T ICR Brief pp. 19-20) (Qwest Comments pp. 8-11)

The ultimate issue for determination is the appropriateness of requiring CLECs to share in the cost of interconnection trunks over 50 miles in length when no existing facilities are available. According to Qwest, in exchanging local traffic with a CLEC at the access tandem, it may have to build trunked transport up to several hundred miles. Citing *Iowa Utils. Bd. I, 120 F.3d at 813, n. 33*, Qwest argued that it is not required "to substantially alter its network." Relying on a February 22, 2001, *Washington Draft Order*, at paragraph 106, Qwest argued that it is reasonable to impose a distance limit on its obligation to build facilities to a meet point. Thus, Qwest proposed language in SGAT section 7.2.2.1.5 allowing the parties to construct transport facilities to the midpoint of a direct span in excess 50 miles, where neither party has existing facilities in its network, and they cannot agree on who should provide them (Qwest pre-report brief, pp. 6-9).

AT&T countered that Qwest's 50-mile limitation violates the Act at § 251 (c)(2)(A), which requires Qwest to "provide interconnection with the local exchange carrier's network . . . for the transmission and routing of telephone exchange service

and exchange access." Additionally, the FCC stated in its *First Report and Order* that competing carriers are permitted "to select the points in an incumbent LEC's network at which they wish to deliver traffic." Thus, AT&T argued the 50-mile limitation violates the 1996 Act and an FCC order. AT&T also noted that Qwest provided no evidence that it would not recover its costs when building beyond 50 miles (AT&T ICR pre-report brief pp. 18-19).

Liberty stated there is nothing unique about the facilities involved, and trunks in excess of 50 miles would not make Qwest's network superior or operationally different. Liberty stated the real issue is economic and whether Qwest would recover its costs, however, no data or analysis about the costs of very long trunks was presented in evidence. Without such evidence, there is no basis for deciding whether the 50-mile limit is appropriate. Liberty recommended eliminating the SGAT section imposing the 50-mile limit.

In its comments, Qwest reiterated its arguments that there must be some limit regarding the length of interconnection trunks that Qwest must provide. Qwest noted that Liberty's recommendation to refer the issue to individual state costing dockets would not necessarily assure cost recovery. In a cost docket, average cost based rates are developed. High cost scenarios are not priced out, because it is assumed that average costs will allow Qwest to recover its cost over time. Moreover, the cost of these facilities are recovered, for the most part, through usage based reciprocal compensation payments. Thus, if traffic volumes are small (as it may be in many instances in outlying areas such as those that CLECs will reach with transport greater

than 50 miles in length), Qwest may not be able to recover its costs for years, if ever. Given the substantial cost of laying fiber (approximately $50,000 per mile), this is simply an unfair burden to thrust upon Qwest.

Although Qwest disagrees with the workshop recommendation to eliminate the 50-mile limit, it requests the Board adopt an additional recommendation found in Liberty's report for the Utah Commission that, "under circumstances where parties cannot reach an agreement, the issue is to be brought before the state commission to be decided on an individual case basis."

The FCC's August 8, 1996, *Local Competition Order* at paragraph 553 seems to recognize that there is a limit to the length of interconnection trunks that the LEC must provide when it states:

> [T]he 'point' of interconnection for the purposes of Sections 251(c)(2) and 251(c)(3) remains on the local exchange carrier's network (e.g. main distribution frame, trunk-side of the switch), and the limited build-out of facilities from that point may then constitute an accommodation of interconnection. (emphasis added)

If the LEC were required to build out its facilities to any distance, the order would not use the term "limited build-out of facilities." The order also states:

> [R]egarding the distance from an incumbent LEC's premises that an incumbent should be required to build out facilities for meet point arrangements, we believe that the parties and state commissions are in a better position than the Commission to determine the appropriate distance that would constitute the required reasonable accommodation of interconnection. (emphasis added)

The FCC clearly grants the state commissions the authority to set a reasonable distance for interconnection build-outs.

The recommendation in the Utah report could bring each extended-length interconnection situation before the Board for either a costing proceeding or formal complaint to resolve. This seems unnecessary, as the Board appears to have the authority to set a "reasonable distance" limit in the SGAT.

AT&T did not produce evidence that many interconnection trunks exceeding 50 miles in length are foreseen. Setting the distance at fifty miles should satisfy Qwest's cost recovery concerns, while providing assurance that nearly all CLECs will be interconnected with a Qwest-provided trunk.

The Board will reverse Liberty's recommendation to eliminate SGAT section 7.2.2.1.5. The original language proposed by Qwest in SGAT section 7.2.2.1.5 should be retained as follows:

> 7.2.2.1.5 If Direct Trunked Transport is greater than fifty (50) miles in length, and existing facilities are not available in either Party's network, and the Parties cannot agree as to which Party will provide the facility, the Parties will construct facilities to a mid-point of the span.

7. Multi-Frequency Trunking (Report pp. 41-42) (Qwest Brief pp. 16-17) (AT&T ICR Brief pp. 20-21)

The Board will adopt the recommendation from the May 15, 2001, report.

8. Obligation to Build To Forecast Levels (Report pp. 42-45) (Qwest Brief pp. 12-14) (AT&T ICR Brief pp. 22-24) (AT&T ICR comments p.7)

The Board will adopt the recommendation from the May 15, 2001, report.

9. Interconnection at Qwest Access Tandem Switches (Report pp. 45-49) (Qwest Brief p. 3-4) (AT&T ICR Brief pp. 25-28) (Qwest Comments pp. 5-8)

CLECs argue that Qwest must allow interconnection at the access tandem. Originally, Qwest was opposed to the use of its access tandem for routing local traffic, citing the possibility that to do so could strand capacity on its local network and create capacity shortfalls on its switched access network. However, when Qwest filed its pre-report brief, it proposed new SGAT language allowing CLECs to interconnect at the access tandem - with certain limitations.

In the May 15, 2001, report Liberty stated that the limitations did not comply with the FCC requirement that CLECs must be permitted to choose their points of interconnection. Nevertheless, Liberty agreed with Qwest that if CLECs interconnect at the access tandem, higher traffic levels could cause problems on Qwest's network. Liberty ultimately proposed new language for SGAT section 7.2.2.9.6 that would permit interconnection at the access tandem. However, Liberty's language would allow Qwest to "request" that a CLEC order direct trunk groups to the Qwest end office switch once traffic volumes surpass the DS1 threshold. The CLEC would be required to comply with Qwest's request unless it could demonstrate that compliance would impose an adverse economic or operational impact. Once the CLEC complies and orders the direct trunk groups, the cost must be the same to the CLEC as interconnection at the access tandem would be.

Qwest, in its post-report comments argued that Liberty's resolution does not go far enough to safeguard Qwest's network because it could result in allowing

CLECs to carry all their traffic through the access tandem. Thus, Qwest proposed new language for SGAT sections 7.2.2.9.6 and 7.2.2.9.6.1 that would make it mandatory for CLECs to order direct trunks to the Qwest local tandem once the DS1 threshold is reached.

Unlike Liberty's proposed SGAT language, Qwest's proposal contains no provision for cost equivalency between interconnection via the access tandem and interconnection via direct trunks to the local tandem. Qwest argued that such a provision is not necessary, because at the DS1 threshold, the savings in switching costs will offset the additional costs of the direct trunks. AT&T did not comment on this issue.

The Board agrees that some provision for cost equivalency between interconnection via the access tandem and interconnection via direct trunks to the local tandem is appropriate. Qwest should alter its proposed SGAT language to include a cost equivalency provision as follows:

> 7.2.2.9.6 CLEC may interconnect at either the Qwest local tandem or the Qwest access tandem for the delivery of local exchange traffic. When CLEC is interconnected at the access tandem and where there would be a DS1's worth of local traffic (512 CCS) between CLEC's switch and those Qwest end offices subtending a Qwest local tandem, CLEC will order a direct trunk group to the Qwest local tandem. <u>When a direct trunk group to Qwest's local tandem is required, the additional costs of the trunk group shall be offset by other network savings.</u> (Additional language is underlined.)
>
> 7.2.2.9.6.1 Qwest will allow Interconnection for the exchange of local traffic at Qwest's access tandem without requiring Interconnection at the local tandem, at least in those

circumstances when traffic volumes do not justify direct connection to the local tandem; and regardless of whether capacity at the access tandem is exhausted or forecasted to exhaust.

10. Inclusion of IP Telephony as Switched Access in the SGAT (Report pp. 49-50) (Qwest Brief p. 21) (AT&T ICR Brief pp. 33-35)

Liberty deferred the resolution of this issue to Excluding ISP Traffic from Reciprocal Compensation (pp. 111-13 of the Reciprocal Compensation section of the report).

11. Charges for Providing Billing Records (Report p. 50) (Qwest Brief p. 20-21) (WorldCom did not file a Brief)

The Board will adopt the recommendation from the May 15, 2001, report.

12. Combining Traffic Types on the Same Trunk Group (Report pp. 50-51) (AT&T ICR comments p. 9)

Liberty deferred the resolution of this issue to Commingling of InterLATA and Local Traffic on the Same Trunk Groups (pp. 115-117 of the Reciprocal Compensation section of the report).

Other Interconnection Issues:

3. Single Points of Interconnection in Each LATA (Report p. 22) (Qwest Brief p. 3) (AT&T ICR Brief pp. 16-18) (AT&T ICR comments p. 3-5)

The May 15, 2001, report indicated that this issue had been resolved by consensus. However, AT&T had briefed the issue as an impasse issue. The Board's focus is whether SGAT section 7.1.2 complies with FCC requirement that a CLEC be given the option of interconnecting at a single technically feasible point in each LATA.

The record indicates that Qwest previously required CLECs to trunk to every local calling area in a LATA (Tr. 12-18-00, p. 121). However, on June 30, 2000, the FCC issued the *SWBT Texas 271 Order* which interpreted 47 U.S.C § 251(c)(2) to mean that a CLEC has the option to interconnect at only one technically feasible point in each LATA (paragraph 78). Within a couple of months, Qwest created a new offering to satisfy the requirement (Tr. 12-19-00, p. 16).

The new offering was presented in two places, the SGAT and the SPOP (Single Point of Presence) document. The SPOP document is five pages long and is an additional document meant for CLEC use. There is an accompanying seven page document to the SPOP that shows diagrams for various ways that interconnection can be accomplished under the new SPOP offering.

AT&T argues that the SPOP documents conflict with the SGAT language (12-18-00, Tr. 122). There was much discussion during the workshops on this issue with no resolution being reached. AT&T's concern is not with the SGAT language, per se, but rather that the SPOP document may be inconsistent.

Clearly, the SGAT language will be definitive. Any inconsistencies between the SPOP document and the SGAT will be resolved in favor of the clear language of the SGAT. Therefore, the Board agrees that the language filed by Qwest in its compliance filing, dated May 25, 2001, is appropriate. If an actual controversy arises between a party and Qwest after the SGAT has been adopted by that party, a resolution by the Board can be sought. Until the Board has an actual set of facts

before it by which to interpret the SGAT language, it is too speculative to make a determination on the consistency of the SPOP document.

25. Resizing Underutilized Trunk Groups (Report p. 29) (AT&T ICR comments p. 8-9)

This issue was not briefed by any party prior to the issuance of the May 15, 2001, report, thus Liberty classified it as one of the 40 interconnection issues resolved at the workshop. Liberty's report provides a synopsis of the issue noting that the early SGAT section 7.2.2.8.13 permitted Qwest to resize trunk groups if they were being utilized at less that 60 percent during any three-month period. Qwest later revised the utilization factor to 50 percent, and this language was included in Qwest's "Frozen SGAT," upon which briefs should have been based.

AT&T's post-report comments state that CLECs are in the best position to judge their future needs for interconnection trunks. Qwest should not be allowed to make such a decision unilaterally. Thus, AT&T requests that Qwest's "Frozen SGAT" section 7.2.2.8.13 be replaced with the previous language as agreed to by the parties and Qwest.

The December 18, 2000, transcript (pp. 203-04) shows that Qwest agreed to make the following change to SGAT section 7.2.2.8.13, which is underlined below:

> 7.2.2.8.13 If a trunk group is consistently utilized (trunks required over trunks in service) at less than fifty percent (50%) of rated busy hour capacity each month of any consecutive three (3) month period, Qwest will notify CLEC of Qwest's desire to resize the trunk group. Such notification shall include Qwest's information on current utilization levels. If CLEC does not submit an ASR to resize the trunk group <u>or provide Qwest with reasons for maintaining excess capacity</u>

> within thirty (30) calendar days of the written notification, Qwest may reclaim the unused facilities and rearrange the trunk group. When reclamation does occur, Qwest shall not leave the trunk group with less than twenty five percent (25%) excess capacity. Ancillary trunk groups are excluded from this treatment.

AT&T's concern was that a tandem trunk may be needed for overflow if a CLEC uses direct trunking, and there would be good reason for maintaining low utilization on the overflow trunk. AT&T first proposed the above language in its September 5, 2000, Affidavit Regarding Interconnection, Collocation, and Resale (p. 34). However, at that time, SGAT section 7.2.2.8.13 did not include the final sentence excluding ancillary trunk groups from this treatment.

At the time of the December 18, 2000, Workshop, SGAT section 7.2.2.8.13 did include the final sentence. After December 18, 2000, the issue did not appear again until AT&T filed its objections to Liberty's report on May 25, 2001.

AT&T's objection may be related to Liberty's recommendation on SGAT sections 7.2.2.8.6 and 7.2.2.8.6.1. (See disputed Interconnection issue 8. Obligation to Build To Forecast Levels). On that issue, Liberty ruled that Qwest could challenge CLEC trunking forecasts and require deposits for interconnection trunks that Qwest believed would be underutilized. Part of Liberty's rationale for its ruling appeared to be based on Qwest's claim that it had invested large sums in unused trunks. Therefore, Liberty's recommendations for SGAT sections 7.2.2.8.6 and 7.2.2.8.6.1 would help prevent unused trunks from being built in the first place. If unused trunks were built, then SGAT section 7.2.2.8.13 would help Qwest reclaim them. Each of

the three SGAT sections appear to be consistent with the purpose of minimizing investment in underutilized facilities.

AT&T's recommended language goes beyond its expressed need to ensure that Qwest does not reclaim its tandem trunks that are used for overflow. AT&T language will simply make it much more difficult for Qwest to reclaim any trunks, even if they are not used at all.

The Board will adopt the recommendation from the May 15, 2001, report, without adding the additional language requested by AT&T.

Checklist Item 1: Collocation

1. "Product" Approach to Collocation (Report pp. 74-77) (Qwest Brief p. 26-28) (AT&T ICR Brief pp. 45-50) (AT&T ICR comments p. 10)

There are two discrete sub-issues discussed under this issue: (1) Whether the Bona Fide Request (BFR) process is appropriate for ordering new collocation services as they become available and (2) whether some of Qwest's "parallel documents," laying out terms and conditions for collocation products, are contrary to the SGAT and interconnection agreements.

In its brief, regarding the first sub-issue, AT&T stated that whenever Qwest introduces a new product, it insists on a contract amendment before the CLEC is permitted to order the product. This is accomplished through the BFR process. The BFR process is time consuming and frequently occurs under circumstances in which the parties have unequal bargaining power. AT&T argues Qwest has an obligation

to provide all types of collocation to the CLECs as soon as they are made available. Contractual problems in the SGAT should be "trued up" later.

Qwest responded that CLECs are asking for additional SGAT language that would allow them to use new forms of collocation without any agreement as to the terms and conditions associated with the new offerings. Qwest asserts that a clear agreement of the terms and conditions associated with a new product or service is a fundamental matter of contract law. It would be unreasonable to require any provider to offer a new product or service without prior agreement to the terms and conditions.

Qwest states that its position is consistent with the Telecommunications Act, at 47 U.S.C. § 252(a)(1), which recognizes that Interconnection Agreements must set forth the terms and conditions of access between the individual parties. The Act clearly anticipates that the rates, terms and conditions for each service will be carefully spelled out in interconnection agreements. As to rates, the Act states that the agreement shall include a detailed schedule of itemized charges for interconnection and each service or network element included in the agreement.

Finally, Qwest states its position has been endorsed by the Washington ALJ in the *Collocation Draft Order*, issued in March 2001, at paragraph 67:

> [I]t is not a reasonable solution to require that any new collocation arrangement be offered 'under terms and conditions already set forth in the SGAT . . . . There is no reason to expect the existing terms and conditions will apply neatly to every new arrangement.

Liberty generally agreed with Qwest regarding the first sub-issue, indicating that if the BFR process needs streamlining, such concerns should be addressed in

the workshop on SGAT general terms and conditions. Nevertheless, Liberty proposed the following additional language to SGAT section 8.1.1 to address new collocation offerings:

> In addition, where Qwest may offer a new form of collocation, CLEC may order that form as soon as it becomes available and under the terms and conditions pursuant to which Qwest offers it. The terms and conditions of any such offering by Qwest shall conform as nearly as circumstances allow to the terms and conditions of this SGAT. Nothing in this SGAT shall be construed as limiting the ability to retroactively apply any changes to such terms and conditions as may be negotiated by the parties or ordered by the state commission or any other competent authority.

Liberty's solution would allow the CLECs to immediately order the new service under terms initially prescribed by Qwest, while allowing a retroactive adjustment of terms and conditions if there are subsequent negotiations by the parties or is ordered by the state commission.

The Board notes that AT&T's comments appear to imply that the eight forms of collocation currently offered by Qwest is the upper limit, thus raising a question as to the likelihood of this issue ever arising. AT&T comments:

> Assuming for argument's sake that Qwest actually comes up with a "new" type of collocation not already contemplated by the FCC and covered under the terms of this SGAT . . . (AT&T Comments, p. 46)

Based on the Board's skepticism that this is a valid concern based on AT&T's comments, as to sub-issue (1), the Board will adopt the recommendation from the May 15, 2001, report.

Regarding the second sub-issue, AT&T maintains Qwest's "Collocation Cancellation Policy," "Collocation Decommissioning Policy," and "Collocation Change of Responsibility Policy" are parallel documents that override all interconnection agreements and the SGAT language. The CLECs are apparently concerned that they will be required to sign such documents. Qwest did not address this sub-issue in its pre-report brief or post-report comments.

Liberty noted that Qwest conceded at the workshops the need for parallel documents to be consistent with the SGAT. Nevertheless, Liberty indicated it is unrealistic to expect that all Qwest implementing documents be perfectly consistent with the contents of the SGAT at this time. Requiring "perfect consistency as a condition of checklist compliance is tantamount to deciding that compliance will likely never happen." (Report p. 77.) Liberty's resolution of the problem was to defer it to the workshop and report covering general terms and conditions of the SGAT.

It has been noted previously in this conditional statement that the SGAT will be the definitive document. After an SGAT is adopted Qwest will be required to review its implementing documents to assure compliance. If an actual controversy arises between a CLEC and Qwest after the SGAT has been adopted by that CLEC, a resolution by the Board can be sought. The language as filed by Qwest in its May 25, 2001, compliance filing appears to be an appropriate resolution to this issue.

2. Adjacent Collocation Availability (Report p. 77) (No Briefs or Comments Filed)

The Board will adopt the recommendation from the May 15, 2001, report.

3. Precluding Virtual Collocation at Remote and Adjacent Premises (Report pp. 77-79) (Qwest Brief p. 35-38) (AT&T ICR Brief pp. 38-42)

The Board will adopt the recommendation from the May 15, 2001, report.

4. Cross-Connections at Multi-Tenant Environments (Report pp. 79-80) (Qwest Brief p. 29, #2) (AT&T ICR Brief pp. 42-45) (AT&T ICR comments p. 12-13)

This issue was listed as one that was resolved in the May 15, 2001, report. However, in its brief, AT&T argued it needed access to Qwest's network interface devices (NIDs) in multi-tenant environments (MTEs), and such access should not be defined as collocation. If it were defined as collocation, then access would be subject to the longer collocation provisioning intervals in the SGAT. AT&T proposed the following changes to SGAT section 8.1.1.8.1:

> With respect to ~~Collocation involving cross-~~connections for access to sub-loop elements in multi-tenant environments (MTE) and field connection points (FCP), the provisions concerning sub-loop access and intervals are contained in Section 9.3. This type of access and cross-connection is not collocation.

In testimony (Tr. 2/26/01, pp. 17-22), AT&T argued that CLECs need the same nondiscriminatory access to the NID as Qwest. When Qwest wants to add a loop or rearrange the loops in NID, they send out a technician. The technician opens the NID and does wiring as necessary. AT&T argues that CLECs should have the same access and be able to send technicians to MTEs to access Qwest's NIDs.

In its brief, Qwest stated that it believed the issue was no longer at impasse, based on subsequent subloop workshop discussions. Qwest clarified that access would be collocation in detached terminals (apart from MTE). Access would not be

collocation in MTE terminals, which are located in or attached to customer owned buildings where no electronic equipment, power, or heat dissipation is required.

Liberty agreed that Qwest's clarification provided a sound solution to the general question of the application of collocation in MTE terminals. Liberty also chose not to add AT&T's proposed amendment to Section 8.1.1.8.1, noting that changes to this section would subject section 9.3 (subloop unbundling) to changes. Liberty stated the reasonableness of section 9.3 would be addressed in the next report.

In its comments, AT&T objected to Liberty's resolution stating the right of CLECs to access the internal wiring at the NID is indisputably set out in FCC and Washington draft orders. AT&T stated the identification of reasonable limits and protections of such access should be the context of the next report.

In agreeing with Qwest, Liberty stated that cross-connections at detached terminals would not necessarily trigger the much longer collocation intervals in the SGAT. Liberty's remedy is for state commissions to exercise their authority and set appropriate collocation intervals for such cross-connections (p. 80).

In its Brief, AT&T relied upon the FCC's *Third Report and Order and Fourth Further Notice of Proposed Rulemaking* - also known as the *UNE Remand Order* - to justify its recommended change to SGAT section 8.1.1.8.1. Although the *UNE Remand Order* addresses access to the NID, it does not specifically address whether collocation as a means of access is allowable. However, the Washington ALJ in its

March 2001 *Collocation Order*, at paragraphs 80-87, ruled that Qwest may not require collocation for cross-connections at MTEs.

As noted above, assuming that agreement had been reached, Qwest did not specifically brief the issue or provide subsequent comments. This issue relates more to subloop unbundling under SGAT section 9.3 than to collocation under section 8. Under subloop unbundling, addressed in Report No. 3, both Qwest's and AT&T's briefs rely upon the *UNE Remand Order* to support opposite positions regarding collocation at MTEs. (It should be noted that in SGAT section 9.3 Qwest distinguishes the specific circumstances when collocation would and would not be required.)

AT&T's recommended changes to SGAT section 8.1.1.8.1 would appear to establish a policy statement prohibiting collocation for access to subloops. Thus, adopting AT&T's changes now would appear to preclude the Board from approving collocation under SGAT section 9.3 where the Board may view collocation to be appropriate in specific circumstances.

Qwest's proposal for SGAT section 8.1.1.8.1 (shown above without AT&T's proposed changes) is less a policy statement than a roadmap. Most importantly, the proposal, left unchanged, will not tie the Board's hands for further consideration of subloop unbundling issues under SGAT section 9.3. Left unchanged SGAT section 8.1.1.8.1 will simply refer the reader to SGAT section 9.3 for all provisions of subloop unbundling.

The Board will deny AT&T's request to change SGAT section 8.1.1.8.1. and will adopt the recommendation from the May 15, 2001, report. Any changes the Board makes to Qwest s SGAT regarding subloop unbundling, will be made pursuant to its review of SGAT section 9.3.

5. Listing of Space-Exhausted Facilities (Report pp. 80-82) (Qwest Brief pp. 29-32) (AT&T ICR Brief pp. 59-62)

The Board will adopt the recommendation from the May 15, 2001, report.

6. ICB Pricing for Adjacent and Remote Collocation (Report pp. 82-83) (Qwest Brief pp. 32-34) (AT&T ICR Brief p. 63)

The Board will adopt the recommendation from the May 15, 2001, report.

7. Conversion of Collocation Type – Payment of Costs (Report pp. 83-84) (No Briefs or Comments Filed)

The Board will adopt the recommendation from the May 15, 2001, report.

8. Recovery of Qwest Training Costs (Report pp. 84-85) (No Briefs or Comments Filed)

The Board will adopt the recommendation from the May 15, 2001, report.

9. Removal of Equipment Causing Safety Hazards (Report pp. 85-86) (No Briefs or Comments Filed)

The Board will adopt the recommendation from the May 15, 2001, report.

10. Channel Regeneration Charges (Report pp. 86-88) (Qwest Brief pp. 34-35) (AT&T ICR Brief pp. 62-63) (AT&T ICR comments p. 13)

In its brief, AT&T argued that channel regeneration is necessary because CLECs have no control over the distances that their collocated facilities are placed from Qwest's facilities in central offices. AT&T also argued that a channel regeneration charge is inconsistent with the principle that collocation rates are to be

based on forward-looking costs developed using a least-cost network configuration. Therefore, AT&T recommended that SGAT section 8.3.1.9, which permits the charges, be deleted. AT&T also wanted the SGAT to direct Qwest to minimize the need for channel regeneration by encouraging it to collocate competitors' facilities appropriately.

Qwest argued that SGAT section 8.2.1.23 requires it to design and engineer the most efficient route for connections in collocations. However, it acknowledged that certain wire centers have a high demand for collocation space making channel regeneration unavoidable. Where channel regeneration is unavoidable, Qwest argued that it has the right to recoup its costs.

Liberty ruled that AT&T's forward-looking cost arguments rightly apply to access to UNEs, but these arguments are misplaced in the context of collocation. Liberty also indicated that Qwest may charge for channel regeneration. However, Liberty recommended the following addition (underlined) to SGAT section 8.3.1.9 setting two restrictions on the charges.

> Channel Regeneration Charge. Required when the distance from the leased physical space (for Caged or Cageless Physical Collocation) or from the collocated equipment (for Virtual Collocation) to the Qwest network is of sufficient length to require regeneration. <u>Channel Regeneration Charges shall not apply if Qwest fails to make available to CLEC: (a) a requested, available location at which regeneration would not be necessary or (b) Collocation space that would have been available and sufficient but for its reservation for the future use of Qwest.</u>

In its post-report comments, AT&T, citing the *Expanded Interconnection Order,* argued that the FCC ruled it is unreasonable for LECs to charge interconnectors for channel regeneration.

The FCC's June 13, 1997, *Expanded Interconnection Order,* at paragraph 117, found that repeaters (a.k.a. channel regeneration) are only necessary under the ANSI standard for DS1 connections over 655 feet and DS3 connections over 450 feet. Based on these distances the FCC concluded that "the record demonstrates that repeaters should not be needed for the provision of physical collocation service." The order also states "that LECs may not recover from interconnectors the cost of repeaters within their central offices in conjunction with physical collocation arrangements." It appears the FCC's decision was based on its belief that connections for collocation would not exceed the ANSI distances, therefore, repeaters were unnecessary.

Channel regeneration and the *Expanded Interconnection Order* were discussed at the December 20, 2001, workshop (Tr. pp. 17- 34). Qwest maintained that the 8th Circuit Court in its July 18, 2000, order vacated the FCC's proxy pricing rules leaving it to the states to determine in cost proceedings how to recover the charges for collocation (Tr. 18). Qwest stated that channel regeneration is sometimes necessary, and in 208 recent collocation jobs in Utah, 27 required regeneration. There was one CLEC who ordered regeneration even though it was not needed (Tr. 22).

AT&T disagreed with Qwest's contention that the *Expanded Interconnection Order* was no longer relevant. However, much of its concern appeared to be that

Qwest could assign CLECs collocation spaces beyond the ANSI distances, and the CLECs would be required to order channel regeneration (Tr. 22-30). AT&T also indicated that if a CLEC ordered regeneration that was not needed, it should pay for it (Tr. 22). Finally, AT&T agreed to brief the issue of whether the *Expanded Interconnection Order* is still controlling to this issue (Tr. 33-34).

AT&T didn't discuss the *Expanded Interconnection Order* in its brief, but in its post report comments it calls the order the “law of the land” (p. 15). Liberty’s report also does not mention the order, but instead creates a recommendation to solve the problem of Qwest placing CLEC collocation spaces so far away that regeneration would be necessary.

As noted above, the *Expanded Interconnection Order* is an early FCC ruling that presumes that channel regeneration should never be necessary in collocation situations. Therefore, the FCC ruled that LEC charges for the service are unreasonable. The record in this proceeding indicates that both the Qwest and the CLECs agree that channel regeneration is sometimes necessary. The only issue remaining for determination is should Qwest provide any channel regeneration at no cost?

AT&T, and other CLECs, had two opportunities to refute Qwest’s contention that the *Expanded Interconnection Order* is no longer applicable to this issue (either in briefs or comments). No participant made such a showing about the applicability of the order. The Board finds the recommendation of Liberty to be reasonable.

11. Qwest Training Costs for Virtually Collocated Equipment (Report pp. 88-89) (No Briefs or Comments Filed)

The Board will adopt the recommendation from the May 15, 2001, report.

12. Requiring SGAT Execution Before Collocation May Be Ordered (Report p. 89) (No Briefs or Comments Filed)

In the May 15, 2001, report, Liberty recommended that Qwest make a demonstration within the ten-day comment period that the SGAT would not preclude collocation ordering before the SGAT has been executed. No comments were filed pertaining to the recommended resolution of this issue. The Board is not aware of any showing by Qwest in its post-report comments or SGAT compliance filing to reflect this recommendation. However, as has been previously noted, any inconsistencies will be resolved based on the clear language of the SGAT. Further, this issue seems to be nothing more than an attempt to further extend an already lengthy process. The issue is one of what will be permitted **prior** to the execution of the SGAT, and therefore doesn't appear to be an issue that needs to be addressed in the SGAT itself.

13. Forfeiture of Collocation Space Reservation Fees (Report pp. 89-91) (No Briefs or Comments Filed)

The Board will adopt the recommendation from the May 15, 2001, report.

14. Collocation Intervals (Report pp. 91-95) (Qwest Brief pp. 42-49) (AT&T ICR Brief p. 50-59) (Qwest Comments p. 13)

If collocation is included in the forecast by the CLEC, both Qwest and AT&T are in agreement on the provisioning intervals set forth in the SGAT (90 days for physical forms of collocation, 90 days for virtual collocation, and 45 days for ICDF

collocation). However, if collocation was not included in the CLEC forecast, Qwest argued it should be allowed additional time to provision the collocation (120 days for physical forms of collocation, 120 days for virtual collocation, and 90 days for ICDF collocation).

AT&T argued that no extra time should be allowed for a failure on the part of a CLEC to forecast the need for the collocation. Liberty agreed with AT&T and recommended the adoption of AT&T's recommended intervals. In its post-report comments, Qwest urged the Board to reverse Liberty's recommendation.

The SGAT requires the CLEC to forecast its collocation needs at least 60 days prior to ordering a collocation. AT&T does not object to the forecasting requirement. However, it objects to the "provisioning penalty" of 30 to 45 extra days that Qwest imposes when collocation is ordered where there has been no previous need indicated in its forecast. AT&T links its objections to several FCC orders and FCC rules.

The FCC's August 10, 2000, *Collocation Reconsideration Order* states that an incumbent LEC should be able to complete any technically feasible physical collocation arrangement no later than 90 calendar days after receiving a collocation application. The only exceptions noted in the order are cases where a state commission has different intervals or there is a mutual agreement between the CLEC and the incumbent LEC for a different interval (paragraph 27). FCC rules at 47 C.F.R. § 51.323(l)(1) also state that the incumbent LEC must finish construction and turn functioning space over to the CLEC within the 90-day interval.

Qwest argued that its proposed provisioning intervals are consistent with the FCC's *Memorandum Opinion and Order,* dated November 7, 2000. In that order, Verizon, SBC, and Qwest were granted interim waivers of the 90-day provisioning intervals found in the earlier *Collocation Reconsideration Order.* The FCC allowed Qwest to increase the provisioning interval for a proposed physical collocation arrangement no more than 60 calendar days in the event a competitive LEC fails to timely and accurately forecast the arrangement, unless the state commission specifically approves a longer interval (see para. 19).

According to the FCC, any interim waivers "will remain in effect pending Commission action on the petitions for reconsideration of the *Collocation Reconsideration Order*, except to the extent a state sets its own intervals." (*Memorandum Opinion and Order,* para. 12). Thus, it appears the FCC ruled that if the CLEC failed to provide a forecast 60 days in advance of a collocation order, then Qwest could extend the collocation-provisioning period by 60 days. As noted above, the SGAT extends collocation intervals for un-forecasted orders between 30 and 45 days.

The Board agrees that additional time to provide collocation is appropriate where a CLEC fails to forecast the need for collocation. SGAT sections 8.4.2.4.3., 8.4.3.4.3, and 8.4.3.4.4 appear reasonable as filed in the May 25, 2001, compliance filing.

15. Maximum Order Numbers (Report pp. 95-97) (Qwest Brief pp. 47-49) (AT&T ICR Brief pp. 51-53) (Qwest Comments p.16) (AT&T ICR comments p. 15)

Qwest proposed the following SGAT language in its post-report comments to address the issue of how long the application period should be where there are numerous collocation applications filed in a short period:

> 8.4.1.10 The intervals for Virtual Collocation (Section 8.4.2), Physical Collocation (Section 8.4.3), and ICDF Collocation (Section 8.4.4) apply to a maximum of five (5) Collocation Applications per CLEC per week per state. If six (6) or more Collocation orders are submitted by CLEC in a one-week period in the state, intervals shall be individually negotiated. Qwest shall, however, accept more than five (5) Applications from CLEC per week per state, depending on the volume of Applications pending from other CLECs.

Qwest appears to justify the above SGAT language based on the June 30, 2000, FCC *SBC Texas Order* approving SBC's Section 271 application. The FCC noted that SBC responds to CLEC collocation requests within 10 days, “except where a competitive LEC places a large number of collocation orders in the same 5-business day period.” (para. 73)

In its post-report comments, AT&T proposed the following SGAT language:

> 8.4.1.8 The parties acknowledge that in order for Qwest to discharge its statutory obligation to provide physical collocation under reasonable terms and conditions, and to meet its obligations under this Agreement, Qwest must implement and improve internal controls, methods, and procedures for ensuring the timely provisioning of collocation, to the extent Qwest has not already done so. The parties further acknowledge that Qwest has had ample time since the enactment of the Act to develop internal procedures sufficient to meet the collocation intervals set forth in this Agreement, absent the receipt of an extraordinary number of complex collocation applications within a limited time frame. Should Qwest receive an

> extraordinary number of complex collocation applications within a limited time frame, Qwest shall use its best efforts to meet the intervals called for in this Agreement. If Qwest nevertheless fails to meet such intervals, Qwest must demonstrate to the Commission that such failures were due solely to the fact that Qwest received an extraordinary number of complex collocation applications within a limited time frame.

AT&T argued the above SGAT language complies with the August 10, 2000, FCC *Order on Reconsideration* (see para. 24). Essentially, AT&T argued that Qwest is not entitled to impose limits on the collocation applications submitted by CLECs. Thus, AT&T argued that, in most circumstances, Qwest would need to process all collocation applications within ten days. The *Order on Reconsideration* requires the incumbent LEC to either accept or reject the application within 10 days. If rejected, the LEC would need to provide sufficient detail so the CLEC can cure each deficiency in the application. If the CLEC can correct the application within 10 days calendar days, it can retain its place in the collocation queue.

The ten-day application period described in the *Order on Reconsideration* applies, "absent the receipt of an extraordinary number of <u>complex</u> collocation applications within a limited time frame." (Emphasis added). As noted above, the standard in the *SBC Texas Order* is for the LEC to respond to collocation applications within ten days except where a competitive LEC places a large number of collocation orders in the same five-business day period.

The *Order on Reconsideration* appears to set a new higher standard for LECs by qualifying that the only exception is an extraordinary number of <u>complex</u>

collocation applications. (Emphasis added). The language proposed by Qwest, more closely reflects the language in the earlier *SBC Texas Order.* However, it should be noted that the *SBC Texas Order* does not limit CLEC collocation order numbers to only five per week, per state.

The SGAT language proposed by AT&T more closely captures the intent of the FCC's *Order on Reconsideration.* However, not all the verbiage AT&T proposed seems to be necessary. The following language will satisfy the Board's concerns.

> 8.4.1.10 Qwest shall use its best efforts to meet the application processing intervals called for in this Agreement. If Qwest fails to meet such intervals, Qwest must demonstrate to the Commission that such failures were due solely to the fact that Qwest received an extraordinary number of complex collocation applications within a limited time frame.

Checklist Item 11: Number Portability

1. Coordinating LNP and Loop Cutovers (Report pp. 101-107) (AT&T LNP-RC Comments pp. 4, 9-10)

Qwest is unwilling to provide the same type of coordination that it offers when it is providing the loop as a UNE. Qwest provides that service through coordinated cuts, in which Qwest can assure that the service work related to the customer transfer is completed before the customer is disconnected from the Qwest switch.

Where another carrier is supplying its own loop, Qwest has moved to an automated porting of the switch translation to avoid the cost of the more intensive "coordinated cuts" that involve interaction with technicians. Qwest does offer coordinated cuts for facilities based carriers when requested for large complex

business cutovers. AT&T argued that the cost of this coordinated cut for a residential line is too costly. The outages happen when the porting takes place in the switch before the customers is actually on the new facilities.

Because Liberty concluded in the May 15, 2001, report that resolution of this issue requires an SGAT language change AT&T argues that Qwest should not be deemed to be in compliance with this checklist item before it makes the changes necessary to deal with this issue. Additionally, the report to the Utah Division of Public Utilities proposes that Qwest should be required to halt any disconnect at 11:59 p.m. if it receives notice from the CLEC on the same day by 8 p.m. and AT&T argues that identical language should be added to the SGAT in Iowa to reflect this requirement.[4] The language change proposed by Liberty is as follows:

> If a CLEC requests Qwest to do so by 8 p.m. Mountain Time, Qwest will assure that the Qwest loop is not disconnected that day.[5]

Liberty also recommended Qwest be obligated to commit to a study of the feasibility and costs of instituting an automated means to provide the level of coordination that AT&T seeks.[6]

AT&T disagreed that the SGAT amendment proposed by Liberty is sufficient to put Qwest in compliance with Checklist Item 11. AT&T stated it has shown that Qwest has failed to demonstrate that it is currently providing facilities-based CLECs with LNP with minimum service disruptions and without impairment of quality. Thus,

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[4] *Second Report*, p. 12.
[5] *Id*., p. 107.
[6] *Id.*

AT&T requested that the Board indicate that Qwest has failed to comply with this checklist requirement until Qwest demonstrates satisfactory performance in provisioning LNP.

Subsequent to the report, Qwest has submitted additional language to the SGAT that makes clear that it will retain the cutover information until 11:59 p.m. the day **following** the due date for the cutover. This should alleviate the problem of the porting taking place in the switch before the customer is actually on the new facilities by allowing an additional day for Qwest to be notified if problems occur in the transfer work. Qwest is currently collecting information to keep track of any problems that occur in these situations.

Qwest is directed to provide the Board's staff with summary information as it becomes available. If, after the SGAT has been executed, a disagreement arises, the issue can be brought to the Board for resolution.

Checklist Item 13: Reciprocal Compensation

1. Excluding ISP Traffic from Reciprocal Compensation (Report pp. 111-113) (Qwest Comments pp. 22-24)

This issue is one of implementation of the requirements of the April 27, 2001 FCC order.[7] Liberty stated that the FCC has asserted jurisdiction over ISP traffic under Section 201, that Section 251 excludes ISP traffic from reciprocal compensation and that it is inappropriate to look at the treatment of ISP traffic as a

[7] Order on Remand and Report and Order, *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996,* CC Docket No. 96-98 and *Intercarrier Compensation for ISP-Bound Traffic*, CC Docket No. 99-68. Adopted April 18, 2001, released April 27, 2001.

condition for approval of checklist 13 requirements. Liberty expressed concerns that the language of the SGAT was not in compliance with this latest FCC order and requested all parties to submit proposals for SGAT changes.

Qwest believes its proposal tracks the FCC's decision and filed the following proposed language:

> ~~7.3.4.1.3~~ Reserved for Future Use ~~As set forth above, the Parties agree that reciprocal compensation only applies to EAS/Local Traffic and further agree that the FCC has determined that Internet Related Traffic originated by either Party (the "Originating Party") and delivered to the other Party, (the "Delivering Party") is interstate in nature. Consequently, the Delivering Party must identify which, if any, of this traffic is EAS/Local Traffic. The Originating Party will only pay reciprocal compensation for the traffic the Delivering Party has substantiated to be EAS/Local Traffic. In the absence of such substantiation, such traffic shall be presumed to be interstate.~~

7.3.6 ISP-Bound Traffic

7.3.6.1 If Qwest elects to exchange ISP-bound traffic at the FCC ordered rates pursuant to the FCC's Order on Remand and Report and Order (Intercarrier Compensation for ISP-Bound Traffic) CC Docket 01-131 (FCC ISP Order), effective June 14, 2001, then usage based intercarrier compensation will be applied as follows:

7.3.6.2 Compensation for Interconnection configurations exchanging traffic pursuant to Interconnection agreements as of adoption of the FCC ISP Order, April 18, 2001:

7.3.6.2.1 Identification of ISP-Bound traffic -- Qwest will presume traffic delivered to CLEC that exceeds a 3:1 ratio of terminating (Qwest to CLEC) to originating (CLEC to Qwest) traffic is ISP-bound traffic. Either Party may rebut this presumption by demonstrating the factual ratio to the state Commission.

7.3.6.2.2 Growth Ceilings for ISP-Bound Traffic -- Intercarrier compensation for ISP-bound traffic originated by Qwest end users and terminated by CLEC will be subject to growth ceilings. ISP-bound

MOUs exceeding the growth ceiling will be subject to Bill and Keep compensation.

7.3.6.2.2.1 For 2001, Qwest will pay CLEC compensation for ISP-bound minutes up to the ceiling equal to, on an annualized basis, the number of ISP-bound minutes for which CLEC was entitled to compensation under this Agreement during first quarter 2001, plus a ten percent (10%) growth factor.

7.3.6.2.2.2 For 2002 and subsequent years, until further FCC action on intercarrier compensation, Qwest will pay CLEC compensation for ISP-bound minutes up to the ceiling equal to the minutes for which CLEC was to entitled compensation in 2001, plus another ten percent (10%) growth factor.

7.3.6.2.3 Rate Caps -- Intercarrier compensation for ISP-bound traffic exchanged between Qwest and CLEC will be billed as follows:

7.3.6.2.3.1 $.0015 per MOU for six (6) months from June 14, 2001 through December 13, 2001

7.3.6.2.3.2 $.001 per MOU for eighteen (18) months from December 14, 2001 through June 13, 2003

7.3.6.2.3.3 $.0007 per MOU from June 14, 2003 until thirty six (36) months after the effective date or until further FCC action on intercarrier compensation, whichever is later.

7.3.6.2.3.4 Compensation for Interconnection configurations not exchanging traffic pursuant to Interconnection agreements prior to adoption of the FCC ISP Order on April 18, 2001 will be on a Bill and Keep basis until further FCC action on Intercarrier compensation. This includes CLEC expansion into a market it previously had not served.

7.3.6.3 If Qwest elects not to exchange ISP-bound traffic at the FCC ordered rates, Qwest will offer to exchange all EAS/Local (§251(b)(5)) traffic at the state ordered ISP rate. If Qwest elects not to exchange ISP-bound traffic at the FCC ordered rates for ISP-bound traffic in a state that has ordered Bill and Keep, Qwest will offer to exchange all 251(b)(5) traffic under Bill and Keep.

AT&T did not submit any specific change to the SGAT as requested by Liberty following Qwest's submission of its compliance SGAT filing on May 25, 2001.

AT&T and other participants have had an opportunity to file any comments related to this new language filed by Qwest. The Board will direct Liberty Consulting Group to review the new SGAT language filed by Qwest and provide an updated recommendation discussing the SGAT provisions as related to the April 27, 2001, Order on Remand and Report and Order issued by the FCC.

2. Qwest's Host-Remote Transport Charge (Report pp. 113-115) (AT&T LNP-RC Brief pp. 16-17)

   The Board will adopt the recommendation from the May 15, 2001, report.

3. Commingling of InterLATA and Local Traffic on the Same Trunk Groups (Report pp. 115-117) (AT&T LNP-RC Brief pp. 14-16)

   The Board will adopt the recommendation from the May 15, 2001, report.

4. Exchange Service Definition (Report pp. 117-118) (No Briefs or Comments Filed)

   The Board will adopt the recommendation from the May 15, 2001, report.

5. Including Collocation Costs in Reciprocal Compensation (Report pp. 118-119) (AT&T LNP-RC Brief pp. 16-17)

   The Board will adopt the recommendation from the May 15, 2001, report.

Checklist Item 14: Resale

1. Indemnification (Report pp. 131-134) (Qwest Brief pp. 83-88) (AT&T ICR Brief pp. 66-69)

   The Board will adopt the recommendation from the May 15, 2001, report.

2. Marketing During Misdirected Calls (Report pp. 134-137) (Qwest Brief pp. 85-92) (AT&T ICR Brief pp. 69-72)

The Board will adopt the recommendation from the May 15, 2001, report.

3. Special Contract Termination Charges (Report pp. 137-138) (No Briefs or Comments were filed)

The Board will adopt the recommendation from the May 15, 2001, report.

4. Electronic Interface for Centrex Resale (Report pp. 138-139) (Wyoming OCA Brief pp. 7-8)

The Board will adopt the recommendation from the May 15, 2001, report.

5. Inaccurate Billing of Resellers (Report pp. 139-140) (No Briefs or Comments were filed)

The Board will adopt the recommendation from the May 15, 2001, report.

6. Ordering and Other OSS Issues (Report pp. 140) (No Briefs or Comments were filed)

The Board will adopt the recommendation from the May 15, 2001, report.

7. Other Pricing Issues (Report pp. 140-141) (No Briefs or Comments were filed)

The Board will adopt the recommendation from the May 15, 2001, report.

8. Qwest Centrex Contracts (Report pp. 141) (No Briefs or Comments were filed)

The Board will adopt the recommendation from the May 15, 2001, report.

9. Merger-Related PIC Changes (Report pp. 142) (No Briefs or Comments were filed)

The Board will adopt the recommendation from the May 15, 2001, report.

10. Breach of Confidentiality Agreements (Report pp. 142) (No Briefs or Comments were filed)

The Board will adopt the recommendation from the May 15, 2001, report.

11. Superior Service to Qwest's Internal Sales Force (Report pp. 143) (No Briefs or Comments were filed)

The Board will adopt the recommendation from the May 15, 2001, report.

SUMMARY

Assuming Qwest incorporates each of the recommendations as set forth above, verbatim, the Board is prepared to indicate at this time its conclusion that Qwest has conditionally satisfied each of the checklist requirements addressed in the May 15, 2001, report, subject to the same limitations noted earlier in this statement related to other proceedings and processes.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 12th day of October, 2001.